

117TH CONGRESS  
1ST SESSION

# H. R. 928

To amend the Internal Revenue Code of 1986 to make the child tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2021

Ms. DELAURO (for herself, Ms. DELBENE, Mr. TORRES of New York, Mr. SMITH of Washington, Ms. SCHAKOWSKY, Ms. BONAMICI, Mr. CARSON, Mr. HORSFORD, Mrs. BEATTY, Mrs. DEMINGS, Mr. LOWENTHAL, Mr. MICHAEL F. DOYLE of Pennsylvania, Ms. LEE of California, Mrs. LURIA, Mr. GALLEGO, Mrs. CAROLYN B. MALONEY of New York, Mr. HASTINGS, Ms. NORTON, Ms. SCANLON, Mr. PANETTA, Mr. EVANS, Mr. CONNOLLY, Mr. MALINOWSKI, Ms. DEAN, Mr. LIEU, Mr. GARCÍA of Illinois, Mr. SARBANES, Mr. DEFazio, Mr. KILMER, Mr. MCGOVERN, Ms. WASSERMAN SCHULTZ, Ms. PINGREE, Ms. BARRAGÁN, Mr. DOGGETT, Ms. ROYBAL-ALLARD, Mr. BLUMENAUER, Mr. BOWMAN, Mr. WELCH, Mr. DANNY K. DAVIS of Illinois, Ms. LOFGREN, Mr. BUTTERFIELD, Mrs. HAYES, Mrs. KIRKPATRICK, Mrs. WATSON COLEMAN, Mr. SIRES, Mr. COHEN, Mr. SOTO, Mr. LANGEVIN, Ms. SCHRIER, Ms. MENG, Mr. GRIJALVA, Ms. JACKSON LEE, Ms. ESCOBAR, Ms. CLARK of Massachusetts, Mr. COURTNEY, Ms. ROSS, Ms. SHERRILL, Ms. BROWNLEY, Ms. HOULAHAN, Mr. CROW, Mr. LYNCH, Mr. TONKO, Mr. KEATING, Mr. COOPER, Ms. OCASIO-CORTEZ, Mr. MORELLE, Mr. ESPAILLAT, Ms. MATSUI, Mr. TRONE, Mr. MCNERNEY, Mr. PRICE of North Carolina, Ms. WILD, Ms. DEGETTE, Ms. KELLY of Illinois, Mr. MEEKS, Mr. SABLAN, Mr. LARSON of Connecticut, Ms. SPEIER, Mr. HIGGINS of New York, Mr. POCAN, Mr. CÁRDENAS, Mr. VARGAS, Ms. SEWELL, Ms. MANNING, Miss RICE of New York, Mr. CARBAJAL, Mr. CUELLAR, Mr. DAVID SCOTT of Georgia, Ms. LEGER FERNANDEZ, Mr. SUOZZI, Mr. JONES, Ms. SÁNCHEZ, Ms. CRAIG, Ms. GARCIA of Texas, Ms. MOORE of Wisconsin, Mr. VEASEY, Mr. NADLER, Mr. FOSTER, Mr. TAKANO, Mr. YARMUTH, Mr. JOHNSON of Georgia, Ms. BASS, Mr. PALLONE, Ms. TITUS, Ms. BLUNT ROCHESTER, Ms. OMAR, Ms. TLAIB, Ms. KUSTER, Ms. LOIS FRANKEL of Florida, Mr. SHERMAN, Mr. RYAN, Mrs. LAWRENCE, Mr. DESAULNIER, Mrs. TRAHAN, Mr. LAWSON of Florida, Ms. WILSON of Florida, Mr. KAHELE, Mrs. NAPOLITANO, Ms. WILLIAMS of Georgia, Mr. KHANNA, Mr. PAYNE, Ms. CLARKE of New York, Ms. STRICKLAND, Ms. JACOBS of California, Ms. KAPTUR, Mr. O'HALLERAN, Mr. JEFFRIES, Mr. NEGUSE, Mr. LAR-

SEN of Washington, Ms. CHU, Mr. CARTWRIGHT, Ms. MCCOLLUM, Ms. VELÁZQUEZ, Mr. SEAN PATRICK MALONEY of New York, Mr. KILDEE, Mr. HOYER, Mr. COSTA, Mr. LEVIN of California, Mr. AUCHINCLOSS, Mr. BEYER, Ms. NEWMAN, Mr. RASKIN, Ms. CASTOR of Florida, Mr. GOMEZ, Ms. JAYAPAL, Mr. HIMES, Mr. MOULTON, Mr. CASTEN, Mrs. DINGELL, Mr. BROWN, Mrs. TORRES of California, Mr. HUFFMAN, Ms. PLASKETT, Mr. PASCRELL, Mr. QUIGLEY, Mr. SCOTT of Virginia, and Ms. ESHOO) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to make the child tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “American Family Act  
 5 of 2021”.

6       **SEC. 2. ESTABLISHMENT OF FULLY REFUNDABLE CHILD**  
 7                               **TAX CREDIT.**

8       (a) **ELIMINATION OF EXISTING CHILD TAX CRED-**  
 9 **IT.**—Subpart A of part IV of subchapter A of chapter 1  
 10 of subtitle A of the Internal Revenue Code of 1986 is  
 11 amended by striking section 24.

12       (b) **ESTABLISHMENT OF FULLY REFUNDABLE**  
 13 **CHILD TAX CREDIT.**—Subpart C of part IV of subchapter

1 A of chapter 1 of subtitle A of such Code is amended by  
2 inserting after section 36B the following new section:

3 **“SEC. 36C. CHILD TAX CREDIT.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
5 gible individual, there shall be allowed as a credit against  
6 the tax imposed by this chapter for the taxable year an  
7 amount equal to the sum of—

8 “(1) with respect to each qualifying child of the  
9 taxpayer who has attained 6 years of age before the  
10 close of such taxable year and for which the tax-  
11 payer is allowed a deduction under section 151, an  
12 amount equal to \$3,000, and

13 “(2) with respect to each qualifying child of the  
14 taxpayer who has not attained 6 years of age before  
15 the close of such taxable year and for which the tax-  
16 payer is allowed a deduction under section 151, an  
17 amount equal to 120 percent of the dollar amount  
18 in paragraph (1).

19 “(b) LIMITATION.—

20 “(1) IN GENERAL.—The amount of the credit  
21 allowable under subsection (a) shall be reduced (but  
22 not below zero) by the applicable amount for each  
23 \$1,000 (or fraction thereof) by which the taxpayer’s  
24 modified adjusted gross income exceeds the thresh-  
25 old amount. For purposes of the preceding sentence,

1 the term ‘modified adjusted gross income’ means ad-  
2 justed gross income increased by any amount ex-  
3 cluded from gross income under section 911, 931, or  
4 933.

5 “(2) THRESHOLD AMOUNT.—

6 “(A) IN GENERAL.—For purposes of para-  
7 graph (1), the term ‘threshold amount’  
8 means—

9 “(i) \$180,000 in the case of a joint  
10 return,

11 “(ii) \$130,000 in the case of an indi-  
12 vidual who is not married, and

13 “(iii) \$90,000 in the case of a married  
14 individual filing a separate return.

15 “(B) MARITAL STATUS.—For purposes of  
16 this paragraph, marital status shall be deter-  
17 mined under section 7703.

18 “(3) APPLICABLE AMOUNT.—For purposes of  
19 paragraph (1), the term ‘applicable amount’ means  
20 an amount equal to the quotient of—

21 “(A) the amount of the credit allowable  
22 under subsection (a), as determined without re-  
23 gard to this subsection, divided by

24 “(B) an amount equal to the product of—

25 “(i) \$20, multiplied by

1                   “(ii) the total number of qualifying  
2                   children of the taxpayer.

3           “(c) QUALIFYING CHILD.—For purposes of this sec-  
4 tion—

5                   “(1) IN GENERAL.—The term ‘qualifying child’  
6                   means a qualifying child of the taxpayer (as defined  
7                   in section 152(c)) who has not attained 18 years of  
8                   age.

9                   “(2) EXCEPTION FOR CERTAIN NON-CITI-  
10                  ZENS.—The term ‘qualifying child’ shall not include  
11                  any individual who would not be a dependent if sub-  
12                  paragraph (A) of section 152(b)(3) were applied  
13                  without regard to all that follows ‘resident of the  
14                  United States’.

15                  “(d) ELIGIBLE INDIVIDUAL.—For purposes of this  
16                  section, the term ‘eligible individual’ means, with respect  
17                  to any taxable year, any individual if such individual’s  
18                  principal place of abode is in the United States (as deter-  
19                  mined under section 32(c)(4)) for more than one-half of  
20                  such taxable year.

21                  “(e) INFLATION ADJUSTMENT.—

22                          “(1) IN GENERAL.—In the case of any taxable  
23                          year beginning after 2021, the \$3,000 amount in  
24                          subsection (a)(1) shall be increased by an amount  
25                          equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the cost-of-living adjustment deter-  
3 mined under paragraph (2) for the calendar  
4 year in which the taxable year begins.

5 “(2) COST-OF-LIVING ADJUSTMENT.—For pur-  
6 poses of paragraph (1), the cost-of-living adjustment  
7 for any calendar year is the percentage (if any) by  
8 which—

9 “(A) the CPI for the preceding calendar  
10 year (as determined pursuant to section  
11 1(f)(4)), exceeds

12 “(B) the CPI for calendar year 2020.

13 “(3) ROUNDING.—If any increase determined  
14 under paragraph (1) is not a multiple of \$50, such  
15 increase shall be rounded to the nearest multiple of  
16 \$50.

17 “(f) PARTIAL NON-REFUNDABLE CREDIT ALLOWED  
18 FOR CERTAIN OTHER DEPENDENTS.—

19 “(1) IN GENERAL.—In the case of a taxable  
20 year beginning after December 31, 2020, and before  
21 January 1, 2026, the aggregate credits allowed to a  
22 taxpayer under subpart A shall be increased by \$500  
23 for each dependent of the taxpayer (as defined in  
24 section 152) other than a qualifying child described  
25 in subsection (c). The amount of the credit allowed

1 under this subsection shall not be treated as a credit  
2 allowed under this subpart.

3 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—  
4 Paragraph (1) shall not apply with respect to any  
5 individual who would not be a dependent if subpara-  
6 graph (A) of section 152(b)(3) were applied without  
7 regard to all that follows ‘resident of the United  
8 States’.

9 “(3) LIMITATION.—

10 “(A) IN GENERAL.—The amount of the  
11 credit allowable under paragraph (1) shall be  
12 reduced (but not below zero) by \$50 for each  
13 \$1,000 (or fraction thereof) by which the tax-  
14 payer’s modified adjusted gross income exceeds  
15 the threshold amount.

16 “(B) MODIFIED ADJUSTED GROSS IN-  
17 COME.—For purposes of subparagraph (A), the  
18 term ‘modified adjusted gross income’ means  
19 adjusted gross income increased by any amount  
20 excluded from gross income under section 911,  
21 931, or 933.

22 “(C) THRESHOLD AMOUNT.—

23 “(i) IN GENERAL.—For purposes of  
24 subparagraph (A), the term ‘threshold  
25 amount’ means—

1                   “(I) \$200,000 in the case of a  
2                   joint return,

3                   “(II) \$150,000 in the case of an  
4                   individual who is not married, and

5                   “(III) \$100,000 in the case of a  
6                   married individual filing a separate  
7                   return.

8                   “(ii) MARITAL STATUS.—For pur-  
9                   poses of this subparagraph, marital status  
10                  shall be determined under section 7703.

11                  “(g) IDENTIFICATION REQUIREMENTS.—

12                   “(1) QUALIFYING CHILD AND DEPENDENT  
13                   IDENTIFICATION REQUIREMENT.—No credit shall be  
14                   allowed under this section to a taxpayer with respect  
15                   to any qualifying child or dependent unless the tax-  
16                   payer includes the name and taxpayer identification  
17                   number of such qualifying child or dependent on the  
18                   return of tax for the taxable year and such taxpayer  
19                   identification number was issued on or before the  
20                   due date for filing such return.

21                   “(2) TAXPAYER IDENTIFICATION REQUIRE-  
22                   MENT.—No credit shall be allowed under this section  
23                   if the taxpayer identification number of the taxpayer  
24                   was issued after the due date for filing the return  
25                   for the taxable year.



1       “(h) TAXABLE YEAR MUST BE FULL TAXABLE  
2 YEAR.—Except in the case of a taxable year closed by rea-  
3 son of the death of the taxpayer, no credit shall be allow-  
4 able under this section in the case of a taxable year cov-  
5 ering a period of less than 12 months.

6       “(i) RESTRICTIONS ON TAXPAYERS WHO IMPROP-  
7 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

8               “(1) TAXPAYERS MAKING PRIOR FRAUDULENT  
9 OR RECKLESS CLAIMS.—

10                   “(A) IN GENERAL.—No credit shall be al-  
11 lowed under this section for any taxable year in  
12 the disallowance period.

13                   “(B) DISALLOWANCE PERIOD.—For pur-  
14 poses of subparagraph (A), the disallowance pe-  
15 riod is—

16                           “(i) the period of 10 taxable years  
17 after the most recent taxable year for  
18 which there was a final determination that  
19 the taxpayer’s claim of credit under this  
20 section was due to fraud, and

21                           “(ii) the period of 2 taxable years  
22 after the most recent taxable year for  
23 which there was a final determination that  
24 the taxpayer’s claim of credit under this  
25 section was due to reckless or intentional

1                   disregard of rules and regulations (but not  
2                   due to fraud).

3                   “(2) TAXPAYERS MAKING IMPROPER PRIOR  
4                   CLAIMS.—In the case of a taxpayer who is denied  
5                   credit under this section for any taxable year as a  
6                   result of the deficiency procedures under subchapter  
7                   B of chapter 63, no credit shall be allowed under  
8                   this section for any subsequent taxable year unless  
9                   the taxpayer provides such information as the Sec-  
10                  retary may require to demonstrate eligibility for  
11                  such credit.

12                  “(j) RECONCILIATION OF CREDIT AND ADVANCE  
13                  CREDIT.—

14                  “(1) IN GENERAL.—The amount of the credit  
15                  allowed under this section to any taxpayer for any  
16                  taxable year shall be reduced (but not below zero) by  
17                  the aggregate amount of payments made under sec-  
18                  tion 7527A to such taxpayer during such taxable  
19                  year.

20                  “(2) EXCESS ADVANCE PAYMENTS.—If the ag-  
21                  gregate amount of payments under section 7527A to  
22                  the taxpayer during the taxable year exceeds the  
23                  amount of the credit allowed under this section to  
24                  such taxpayer for such taxable year (determined  
25                  without regard to paragraph (1)), the tax imposed

1 by this chapter for such taxable year shall be in-  
2 creased by the amount of such excess.”.

3 (c) **ADVANCE PAYMENT OF CREDIT.**—Chapter 77 of  
4 the Internal Revenue Code of 1986 is amended by insert-  
5 ing after section 7527 the following new section:

6 **“SEC. 7527A. ADVANCE PAYMENT OF CHILD TAX CREDIT.**

7 “(a) **IN GENERAL.**—As soon as practicable after the  
8 date of the enactment of this section, the Secretary shall  
9 establish a program for making monthly payments to tax-  
10 payers which, in the aggregate during any calendar year,  
11 equal the annual advance amount determined with respect  
12 to such taxpayer for such calendar year.

13 “(b) **ANNUAL ADVANCE AMOUNT.**—For purposes of  
14 this section—

15 “(1) **IN GENERAL.**—Except as otherwise pro-  
16 vided in this subsection, the term ‘annual advance  
17 amount’ means, with respect to any taxpayer for any  
18 calendar year, the amount of the credit which would  
19 be allowed to such taxpayer under section 36C(a)  
20 (determined without regard to subsection (j) thereof)  
21 for the taxpayer’s taxable year beginning in such  
22 calendar year if—

23 “(A) the taxpayer’s modified adjusted  
24 gross income for such taxable year were equal

1 to the taxpayer's modified adjusted gross in-  
2 come for the reference taxable year,

3 “(B) the only qualifying children of such  
4 taxpayer are qualifying children properly  
5 claimed on the taxpayer's return of tax for the  
6 reference taxable year, and

7 “(C) the age of such qualifying children is  
8 determined for such taxable year by taking into  
9 account the passage of time since the reference  
10 taxable year.

11 “(2) REFERENCE TAXABLE YEAR.—Except as  
12 provided in paragraph (3)(A), the term ‘reference  
13 taxable year’ means, with respect to any taxpayer  
14 for any calendar year, the taxpayer's taxable year  
15 beginning in the preceding calendar year or, in the  
16 case of taxpayer who did not file a return of tax for  
17 such taxable year, the taxpayer's taxable year begin-  
18 ning in the second preceding calendar year.

19 “(3) MODIFICATIONS DURING CALENDAR  
20 YEAR.—The Secretary may modify, during any cal-  
21 endar year, the annual advance amount with respect  
22 to any taxpayer for such calendar year to take into  
23 account—

24 “(A) a return of tax filed by such taxpayer  
25 during such calendar year (and the taxable year

1 to which such return relates may be taken into  
2 account as the reference taxable year), and

3 “(B) any other information provided by  
4 the taxpayer to the Secretary which allows the  
5 Secretary to determine payments under sub-  
6 section (a) which, in the aggregate during any  
7 taxable year of the taxpayer, more closely total  
8 the Secretary’s best estimate of the credit al-  
9 lowed to the taxpayer under section 36C(a) (de-  
10 termined without regard to subsection (i) there-  
11 of) for such taxable year.

12 “(c) ON-LINE INFORMATION PORTAL.—The Sec-  
13 retary shall establish an on-line portal which allows tax-  
14 payers to—

15 “(1) elect not to receive payments under this  
16 section,

17 “(2) provide information to the Secretary which  
18 would be relevant to a modification under subsection  
19 (b)(3)(B) of the annual advance amount, including  
20 information regarding—

21 “(A) a change in the number of the tax-  
22 payer’s qualifying children, including by reason  
23 of the birth of a child,

24 “(B) a change in the taxpayer’s marital  
25 status,

1           “(C) a significant change in the taxpayer’s  
2           modified adjusted gross income, and

3           “(D) any other factor which the Secretary  
4           may provide.

5           “(d) NOTICE OF PAYMENTS.—Not later than Janu-  
6   ary 31 of the calendar year following any calendar year  
7   during which the Secretary makes one or more payments  
8   to any taxpayer under this section, the Secretary shall pro-  
9   vide such taxpayer with a written notice which includes  
10  the taxpayer’s taxpayer identity (as defined in section  
11  6103(b)(6)), the aggregate amount of such payments  
12  made to such taxpayer during such calendar year, and  
13  such other information as the Secretary determines appro-  
14  priate.

15          “(e) AUTHORITY TO ADJUST INTERVAL OF PAY-  
16  MENTS.—If the Secretary determines that it is not admin-  
17  istratively feasible to make monthly payments under this  
18  section, such payments shall be made on the basis of the  
19  shortest interval which the Secretary determines is admin-  
20  istratively feasible.”.

21          (d) CONFORMING AMENDMENTS.—

22                 (1) The table of sections for subpart A of part  
23                 IV of subchapter A of chapter 1 of subtitle A of the  
24                 Internal Revenue Code of 1986 is amended by strik-  
25                 ing the item relating to section 24.

1           (2) The table of sections for subpart C of part  
2           IV of subchapter A of chapter 1 of subtitle A of  
3           such Code is amended by inserting after the item re-  
4           lating to section 36B the following:

“Sec. 36C. Child tax credit.”.

5           (3) The table of sections for chapter 77 of such  
6           Code is amended by inserting after the item relating  
7           to section 7527 the following new item:

“Sec. 7527A. Advance payment of child tax credit.”.

8           (4) Subparagraph (B) of section 45R(f)(3) of  
9           such Code is amended to read as follows:

10                   “(B) SPECIAL RULE.—Any amounts paid  
11                   pursuant to an agreement under section 3121(l)  
12                   (relating to agreements entered into by Amer-  
13                   ican employers with respect to foreign affiliates)  
14                   which are equivalent to the taxes referred to in  
15                   subparagraph (A) shall be treated as taxes re-  
16                   ferred to in such subparagraph.”.

17           (5) Section 152(f)(6)(B)(ii) of such Code is  
18           amended by striking “section 24” and inserting  
19           “section 36C”.

20           (6) Paragraph (26) of section 501(c) of such  
21           Code is amended in the flush matter at the end by  
22           striking “section 24(c)” and inserting “section  
23           36C(c)”.

1           (7) Section 6211(b)(4)(A) of such Code is  
2 amended—

3           (A) by striking “24(d),”; and

4           (B) by inserting “36C(a),” after “36B,”.

5           (8) Section 6213(g)(2) of such Code is amend-  
6 ed—

7           (A) in subparagraph (I), by striking “sec-  
8 tion 24(e)” and inserting “section 36C(g)”; and

9           (B) in subparagraph (L), by striking “24,  
10 or 32” and inserting “32, or 36C”.

11           (9) Paragraph (2) of section 1324(b) of title  
12 31, United States Code, is amended by inserting  
13 “36C,” after “36B,”.

14           (e) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 December 31, 2020.

17 **SEC. 3. PAYMENTS TO POSSESSIONS.**

18           (a) MIRROR CODE POSSESSION.—The Secretary of  
19 the Treasury shall pay to each possession of the United  
20 States with a mirror code tax system amounts equal to  
21 the loss to that possession by reason of the application  
22 of section 36C of the Internal Revenue Code of 1986 (as  
23 added by section 2) with respect to taxable years begin-  
24 ning after 2020. Such amounts shall be determined by the



1 Secretary of the Treasury based on information provided  
2 by the government of the respective possession.

3 (b) OTHER POSSESSIONS.—The Secretary of the  
4 Treasury shall pay to each possession of the United States  
5 which does not have a mirror code tax system amounts  
6 estimated by the Secretary of the Treasury as being equal  
7 to the aggregate benefits that would have been provided  
8 to residents of such possession by reason of the application  
9 of section 36C of such Code (as so added) for taxable  
10 years beginning after 2020 if a mirror code tax system  
11 had been in effect in such possession. The preceding sen-  
12 tence shall not apply with respect to any possession of the  
13 United States unless such possession has a plan, which  
14 has been approved by the Secretary of the Treasury, under  
15 which such possession will promptly distribute such pay-  
16 ments to the residents of such possession.

17 (c) COORDINATION WITH CREDIT ALLOWED  
18 AGAINST UNITED STATES INCOME TAXES.—No credit  
19 shall be allowed against United States income taxes for  
20 any taxable year under section 36C of the Internal Rev-  
21 enue Code of 1986 (as so added) to any person—

22 (1) to whom a credit is allowed against taxes  
23 imposed by the possession by reason of the amend-  
24 ments made by this section for such taxable year; or

1           (2) who is eligible for a payment under a plan  
2 described in subsection (b) with respect to such tax-  
3 able year.

4 (d) DEFINITIONS AND SPECIAL RULES.—

5           (1) POSSESSION OF THE UNITED STATES.—For  
6 purposes of this section, the term “possession of the  
7 United States” includes the Commonwealth of Puer-  
8 to Rico and the Commonwealth of the Northern  
9 Mariana Islands.

10           (2) MIRROR CODE TAX SYSTEM.—For purposes  
11 of this section, the term “mirror code tax system”  
12 means, with respect to any possession of the United  
13 States, the income tax system of such possession if  
14 the income tax liability of the residents of such pos-  
15 session under such system is determined by ref-  
16 erence to the income tax laws of the United States  
17 as if such possession were the United States.

18           (3) TREATMENT OF PAYMENTS.—For purposes  
19 of section 1324(b)(2) of title 31, United States  
20 Code, the payments under this section shall be treat-  
21 ed in the same manner as a refund due from the  
22 credit allowed under section 36C of the Internal  
23 Revenue Code of 1986.

○